



He kai kei aku ringa
The Crown-Māori Economic Growth Partnership



Six Monthly Report

Māori Economic Development Advisory Board

To the Ministers for Economic Development and Māori Development

December 2014



Ka tangi te tītī — *The migratory bird that searches the globe for economic opportunities, it is connected to the home, but with a global view.*

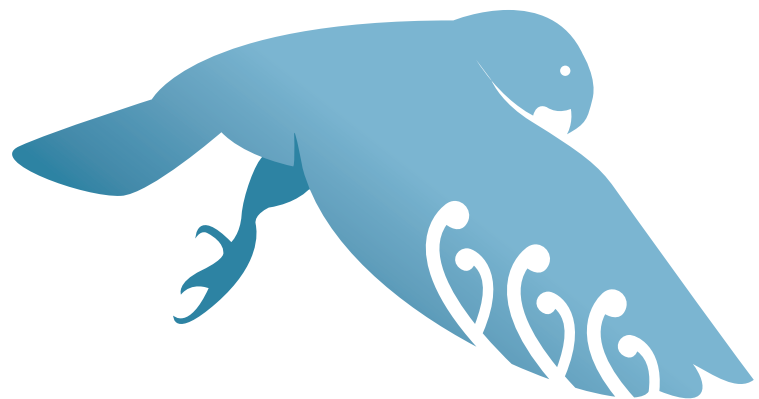


Ka tangi te kākā — *The bird of the forest resources the domestic market.*



Six Monthly Report

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To the Ministers for Economic
Development and Māori Development



Mihimihi



The Māori Economic Development Advisory Board has had many discussions with public sector agencies and Māori businesses and communities.

We have heard the Māori stories of many agencies and how their work contributes to He kai kei aku ringa, the development and self-reliance of whānau, businesses and communities. Sometimes those stories are joined up into coherent focused and integrated strategies that are clearly well thought out and effective. Other agency stories are more fragmented and isolated.

The stories told by Māori, as whānau and the wide variety of Māori collectives - iwi and hapu post settlement entities, and land trusts and incorporations – convey similar tales. Many Māori collectives are flourishing as businesses and as social and cultural entities. So are many whānau as parents are developing careers or growing businesses and raising well-educated, successful children who are developing the skills that will make them self-sufficient and resilient.

Too often, however, those Māori stories are negative ones as collectives struggle to develop businesses based on traditional land or post settlement assets and whānau have difficulty in finding the pathways that will lead to educational achievement, skill development and employment.

In our role on advising the Crown on the implementation of He kai kei aku ringa, the Crown-Māori economic growth strategy, the Advisory Board has had the opportunity to see public sector agencies and Māori focusing on how the good stories can be more common and the negative ones reduced and, ultimately, eliminated. It is clear that there is a long way to go to achieve those goals but the steps being taken by Māori and the public sector are signs that progress is being achieved and that both are motivated to make much greater progress.

One of the critical features of He kai kei aku ringa is that it is a partnership between Māori and the Crown with both parties needing to make contributions for the vision of He kai kei aku ringa – greater resilience and self reliance - to be realised. As a result, engagement – led by Māori through the Advisory Board - across and with the public sector on common issues relating to Māori economic development is happening for the first time. The catalyst for this engagement has been He kai kei aku ringa. The next step, integrated service delivery across the public sector to address key issues, promises to have a powerful positive impact.

The following six monthly report, our second, completes our overview of our first year as an active Advisory Board and our advice to the Ministers for Economic Development and for Māori Development on how the goals of He kai kei aku ringa can be achieved more rapidly. We look forward to discussing these with both Ministers and Māori collectives and communities.

Ngāhiwi Tomoana

Chair

Māori Economic Development Advisory Board

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Executive Summary

The report sets out the work carried out by the Māori Economic Development Advisory Board in the last six months. It also includes the responses by Ministers to our previous report.

Ministerial Responses:

In response to our previous report Ministers have:

- » Appointed an Advisory Board member with expertise in education, Professor Linda Tuhiwai Smith of Waikato University, and
- » Established a Māori Innovation Fund, Te Pūnaha Hiringa, to assist Māori businesses move along the innovation and development pathway.

Advisory Board Workshop Programme

The Advisory Board carried out a series of national and regional workshops with the relevant public sector agencies on Goals 1,2 and 4 of He kai kei aku ringa. The workshops generated:

- » A joint work programme by the Ministry of Education and the Ministry of Business, Innovation and Employment that will treble the number of whānau education plans, consider using Whānau Ora Navigators to deliver the plans, look at how communities of schools can link more closely with employers and business, develop a trial model for linking Māori business owners, especially businesses owned by Māori collectives, and education providers more closely, look at including an on job component to Vocational Pathways and the NZ apprenticeships programme, and liaise with the Iwi Chairs' Forum on Vocational Pathways and the Youth Guarantee Scheme and greater iwi links to the education pipeline.
- » Establishment of a Waikato regional education reference group focusing on Māori education and including the Ministry of Education, Waikato Tainui and the Waikato Regional Council. The group will be facilitated by Te Puni Kōkiri.
- » Observations by the Advisory Board that the education system often seems disjointed to the learner and their whānau who provide most of the connections in transitions between the parts of the system, key points of vulnerability to disengagement by young Māori. However, the education system still has a strong overall story to tell compared with the fragmentation evident in those parts of the public sector targeted with assisting and supporting businesses innovate and develop, particularly Māori business. This fragmentation impairs the ability of Māori businesses to access this assistance and realise their potential.
- » A project by the Advisory Board to develop a model of the innovation and growth pipeline for business and the roles that the public sector agencies play in helping

companies move along that pipeline. A similar exercise is being carried out for the education sector.

- » A series of recommendations to the Ministers for Economic Development and for Māori Development – see below.

Advisory Board Visits programme

- » Since our last report the Advisory Board has visited the Bay of Plenty, Auckland and the Waikato, home to almost 50% of the Māori population, to look at the work of Māori collectives and the role of public sector agencies and local government in Māori economic development. Businesses owned by Māori collectives are generating dynamic development in some regions but new models of engagement are needed to reach large numbers of Māori in rapidly developing areas such as South Auckland.

Partner Working Groups

- » The He kai kei aku ringa Financial Literacy Partner Working Group, Te Māngai Penapena Pūtea (TMPP), has completed a report on financial literacy services available to Māori. MBIE has subsequently funded 3 pilot programmes.

Recommendations to Ministers – Māori Economic Development Advisory Board

The Advisory Board has described its indicative work programme over the next six months and has also made the following recommendations to the Ministers for Economic Development and for Māori Development:

1. The Advisory Board believes that active marketing of the services offered by public sector agencies with roles in economic development can assist in the realisation of the potential of historical Treaty settlements and the land-based businesses of Māori collectives. These efforts need to be brought together in an overall “Push” strategy coordinated by a single agency. As the lead agency for He kai kei aku ringa and wide responsibilities for economic development, the appropriate agency is MBIE. The MBIE leadership need to ensure they have a deep knowledge and understanding of the Maori economy and Maori development to execute this strategy successfully. Policies and programmes based on an ‘investment’ approach are likely to have greater success and better overall outcomes for Government and whānau.
2. The “Push” strategy can be trialed in a pilot programme in a specific region. The lessons learned can then be incorporated in a national region-by-region rollout of the approach. There have been some good examples supported by the Ministry of Primary Industry in the Taitokerau region as well as some excellent dairy and sheep and beef value chain projects which will have benefit across all regions. Further scaling of these initiatives is imperative. The Ministry’s report on the investment opportunities for under- utilized Māori Land will assist greatly in achieving the Government’s Business Growth Agenda targets.”

- 3.** Improved financial literacy can make a significant positive impact on the ability of whānau to manage their resources more effectively and lift their living standards. The Advisory Board would like the Government to consider making financial literacy compulsory for senior students. The Advisory Board believes an intervention at this level will assist in the transition from school to the post school world and have a transformational impact upon Māori.
- 4.** Engagement with urban Māori who make up the largest proportion of the Māori population is critical to realising the potential of Māori in the modern world. Public sector agencies and Māori collectives involved in economic development need to consider a joint review of methods by which effective engagement can be achieved. The Advisory Board intends to continue its engagement with the Southern Initiative in South Auckland and is pleased that it is also becoming a priority for central government.
- 5.** The Government should use the investment model developed in the Ministry of Social Development to look more closely at how resources are allocated across the public sector to address issues like Māori economic development, especially the allocation of funds across the education system and the lifetime costs of children not developing the skills at an early age that allow them to take advantage of educational opportunities in the later primary and secondary years. While many parts of the public sector are trying to target resources more precisely, the approach developed at the Ministry is the most comprehensive we have seen.
- 6.** To ensure relationships between the Advisory Board and public sector agencies operate effectively in the governance, policy development and decision-making of He kai kei aku ring, the Advisory Board Chair will meet monthly with senior leaders of the Ministry of Business, Innovation and Employment and Te Puni Kokiri and quarterly with the chief executives of the public sector economic agencies as a group or individually.



Introduction



As the Māori Economic Development Advisory Board we are required to provide a report to the Ministers for Economic Development and Māori Development every six months. This is the second of those reports.

The six monthly report is intended to update Ministers on how the Advisory Board has been carrying out the following roles:

- » Monitor, evaluate and provide advice on the progress of He kai kei aku ringa, the Crown-Māori Economic Growth Partnership
- » Monitor, evaluate and provide advice on the impact of public sector efforts to assist Māori economic development
- » Provide a link between Māori economic initiatives and the Crown through our knowledge of Māori communities and our developing knowledge of the public sector
- » Provide overall stewardship of He kai kei aku ringa.

Our first report covered our establishment, our initial views on the issues that we might address and set out our priorities for the following six-month period. It also described how we would work with public sector agencies to carry out the significant task of looking at all initiatives to support economic development and make an assessment of where things were working and where there were gaps that we believed needed to be addressed. Finally, the Report made several recommendations for action based on our initial views.

This report covers the progress that has been made in the last six months and includes the response of Ministers to our first report and the work we have carried out on the priorities identified in that report. It also reflects the comments of the Minister for Economic Development when he last met the Advisory Board that it is important for us to tell the story of Māori economic development and identify both what is working and what is not working. Only then, he said, can Māori and the Crown (through the public sector) make the adjustments that are needed to reach the goals of He kai kei aku ringa.

Under He kai kei aku ringa, the Advisory Board's work with public sector agencies has, for the first time, brought those agencies together to work on Māori economic development. Agencies in the past have had multiple strategies that were vertically integrated. Under the He kai kei aku ringa process we have been aiming to take the first steps to ensure economic development strategies are horizontally integrated across agencies. In this approach, the first goal is to achieve conceptual integration of the strategies and the next is to achieve integrated service delivery.

Response of Ministers

New Advisory Board member

Our first report made two recommendations. The first followed from the Advisory Board's assessment of priorities in He kai kei aku ringa. The key priority we identified is education, the core of the first three goals of He kai kei aku ringa. However, no member of the Advisory Board was currently working in the education system or has had significant expertise in the system to provide expert insights. We advised Ministers to appoint a suitable additional Board member. Ministers agreed and sought options for appointments. In June, Professor Linda Tuhiwai Smith, the Pro Vice Chancellor Māori at Waikato University and an expert in Māori and indigenous education and research was appointed in time to take part in the Advisory Board visit to Auckland and the Waikato. We look forward to the contributions that Professor Smith will make to the work of the Advisory Board.

Māori Innovation Fund - Te Pūnaha Hiringa

Our second recommendation followed from some of our initial observations about the current economic development support system for New Zealand business. We noted that many Māori businesses were struggling to make progress along the development and innovation pathway. While many have capital to invest they lack the ability to reach key thresholds such as developing effective business cases, negotiating a complex application process for support programmes or attracting additional investment partners.

To address this issue the Advisory Board proposed a small fund under the umbrella of He kai kei aku ringa and with an Advisory Board role in its governance. The fund would allow Māori enterprises and commercial projects to enter the development and innovation pathway, move more quickly along that pathway and test the viability of proposals more quickly and efficiently.

The Ministers' response to this advice and other proposals was to consider their options in this area. Their eventual solution, announced in the May Budget, was to establish a Māori Innovation Fund, Te Pūnaha Hiringa, which will invest in initiatives that contribute to the achievement of the economic goals and priorities in He kai kei aku ringa and the Business Growth Agenda.

Te Pūnaha Hiringa will focus initially on Māori collectives that have needs not currently addressed by existing business interventions. The bulk of the assistance provided by the fund will allow collectives to gain access to experienced commercial advisors who will assist them to develop the skills to assess and develop commercial projects or to engage and manage the streams of advice required to advance commercial

projects. The balance of the fund's resources will be devoted to commercial capability development among collectives that will allow them to work well with advisors and retain the skills advisors have provided during their engagement with a collective. Collectives will be expected to provide a 25% contribution to the total cost of commercial advisors or capability development assistance.

The fund will be administered by the Ministry of Business, Innovation and Employment and final decisions on investments will be made by the Deputy Chief Executive, Science, Skills and Innovation. The Advisory Board has been asked to provide a representative to sit on the assessment panel – along with representatives from Callaghan Innovation, New Zealand Trade and Enterprise, the Ministry for Primary Industries, and Te Puni Kōkiri - to advise the DCE on investment opportunities.



Workshops

Māori Economic Development Advisory Board and Public Sector Workshops He kai kei aku ringa Goals 1, 2 and 4

The core task of the Advisory Board is to monitor and evaluate the progress of He kai kei aku ringa by examining the actions of public sector agencies to support economic development. He kai kei aku ringa has six goals and our clear priority as an Advisory Board during our first year has been goals 1, 2 and 4. They are:

- » Greater educational participation and performance,
- » A skilled and successful workforce, and
- » Government, in partnership with Māori, enables growth

Each of these provides the foundation for the future success of a whānau and its members as they gain employment and increase their incomes and living standards.

He kai kei aku ringa recognises that while the development of pre- and post Treaty settlement assets into effective businesses is vital to the long term economic development of Māori collectives, the greatest development opportunities for Māori follow from the acquisition of skills. These skills will allow whānau members, as wage and salary earners, to lift their economic performance over time and also be informed and effective owners of traditional land assets and the endowments provided by historical settlements.

The context for Goals 1-3 is the current achievement rates for Māori passing through the education system, the levels of qualification we achieve, the skills we acquire, the jobs we move into, the incomes and employment rates that follow these achievements and the life choices they create.

Currently there are significant differences between the achievement of Māori and non-Māori, with fewer Māori achieving level 2 or higher qualifications, and a narrower range of work opportunities that follow from this level of achievement, with lower incomes, and lower employment rates compared with non-Māori. The result is a lower overall standard of living for Māori.

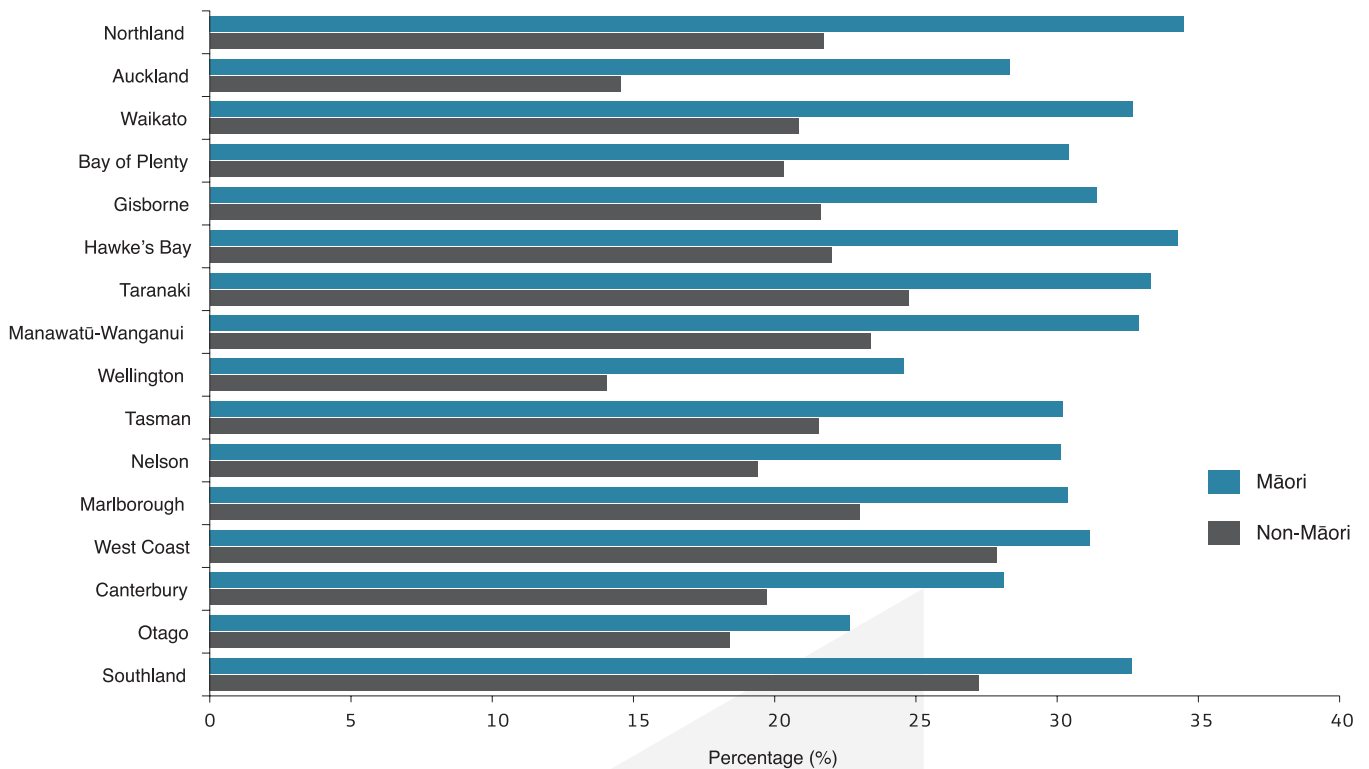
Current interventions are clearly having an impact in some key areas with, for example, the number of Māori leaving school without educational qualifications falling from 39.9% in 2006 to 33.3% in 2013. The Advisory Board wants to investigate how this trend can be reinforced and accelerated towards the He kai kei aku ringa goal of Māori median income equaling the NZ median income by 2040. Median incomes for Māori in the 2013 Census were \$22,500 and for all New Zealanders, \$28,500.

Māori education outcomes 2006-2013

| | 2006 | 2013 |
|--|------|------|
| % Māori leaving school without qualifications | 39.9 | 33.3 |
| % Māori with levels 1–4 NZQF | 46.8 | 50.2 |
| % Māori women with a bachelor's degree or higher | 8.4 | 12.3 |
| % Māori men with a bachelor's degree or higher | 5.6 | 7.4 |



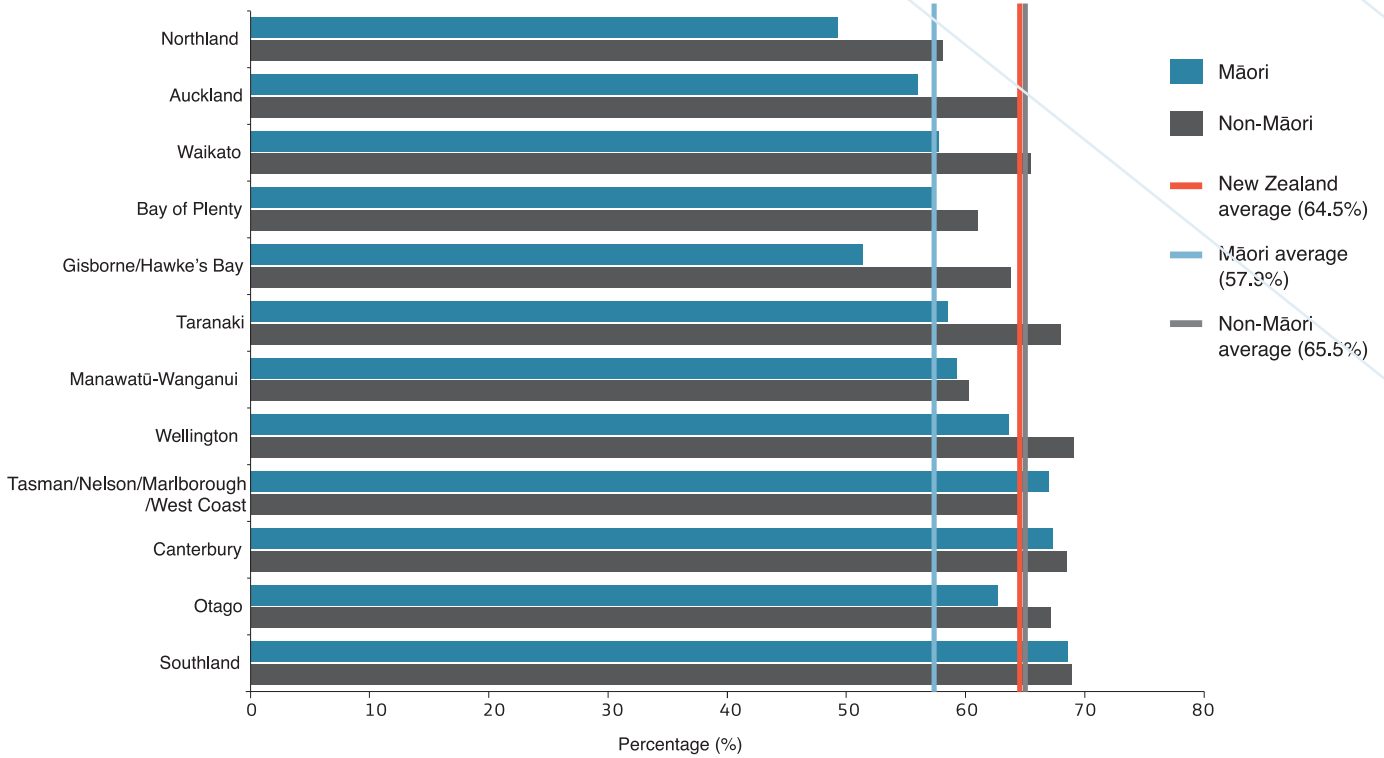
Māori and non-Māori - no qualifications by region 2013



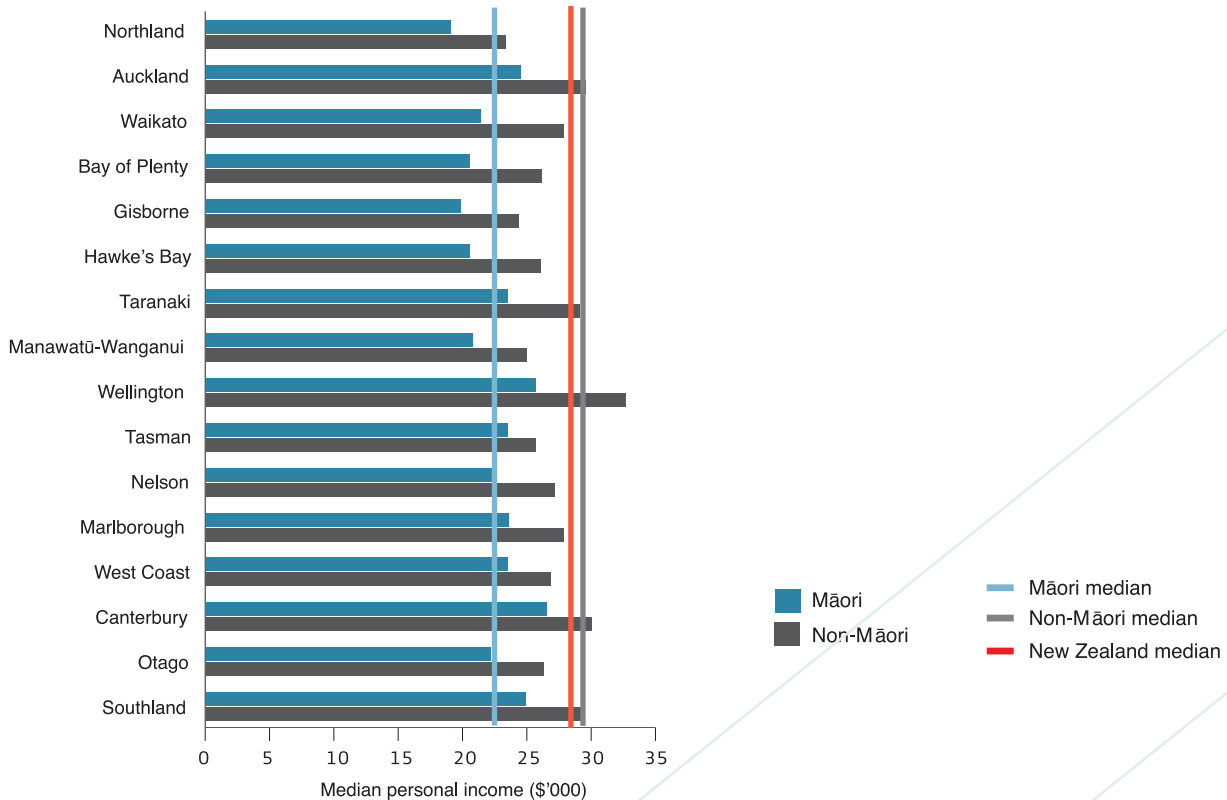
Sources:

Statistics New Zealand and the Regional Economic Activity Report (Ministry of Business, Innovation and Employment) 2014.

Māori and non-Māori - employment rate by region 2014



Māori and non-Māori – median personal annual income by region 2013



Public sector efforts to advance goals 1-3 are concentrated in the education and related agencies. Increasingly, as the Advisory Board examined the ways in which goals 1-3 could be achieved we realised two things. Each of the goals is closely related to the other and we needed to engage with multiple agencies to gain a clear picture of the pathway from early childhood education to the last years of secondary school and on to further education and training and the transition to employment.

Our solution was to arrange workshops between responsible agencies and Advisory Board members. Each workshop took up to a day and involved a facilitated dialogue between Advisory Board members and agency management (including Chief Executives and Senior Leadership Team members and staff.)

Workshops

He kai kei aku ringa Goal 1 – Greater educational participation and performance

Goal 1, greater educational participation and performance, is largely the responsibility of the Ministry of Education. This incorporates the progression from early childhood education to the completion of secondary school and the transition to training or further education.

Our workshop with the Ministry was extremely productive. They provided a short set of briefings that described how they saw the issues of greater participation and improved performance and the strategies they had implemented to address each of the issues. The Ministry has a coherent and integrated story to tell.

They described the evolution of their approach from engagement of teachers and schools to an increased focus on students and whānau and the wider communities in which they are engaged. They also described the Better Public Service (BPS) targets for which they were accountable and which overlap closely with the He kai kei aku ringa goals. These included:

- » Result 2, Increase participation in Early Childhood Education
- » Result 5 Increase the proportion of 18 year olds with NCEA Level 2 or equivalent qualification

The Ministry outlined the specific strategies they had developed to achieve each of these targets and the wider He kai kei aku ringa objectives. The Ministry was able to be extremely precise about the numbers of students and whānau that had to be engaged for the BPS targets to be achievable. They use a wide variety of tactics to reach their target audience, including engaging with whānau, and working with iwi and organisations such as sporting clubs that are able to reach the target groups directly.

The Ministry aims to ensure its interventions are self-sustaining and can over time be adopted by the communities in which they take place.

The whānau education plan is one mechanism by which initial engagement takes place for whānau identified as difficult to reach and likely to benefit from direct intervention. The plans are developed with whānau to set out the goals of children and the educational pathways to those goals. They are being implemented initially with relatively small numbers and require considerable resources. The plans may be more effective in future if they are carried out with assistance from Whānau Ora navigators.

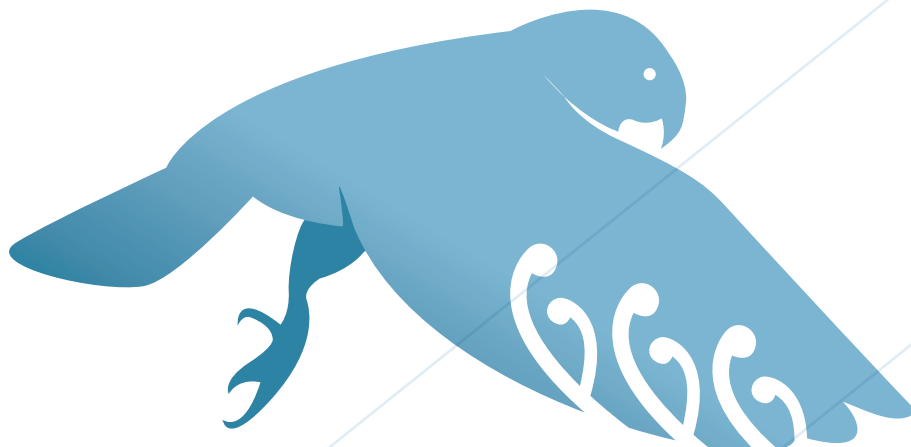
These plans have a number of aims, one of which is to encourage parents to engage more directly with the education system and access the flexibility it can provide to assist in the most effective education and skill development of their children. They can also assist in the transition points between parts of the system that have been identified as marking a high risk of disengagement by both pupils and their parents.

The Ministry also recognises that multiple approaches are needed to encourage achievement and reinforce engagement in education. For example, Year 10-11 boys have a high dropout rate. Engaging them in more direct Vocational Pathways and educational options that more directly demonstrate their relevance to future employment will increase the motivation to achieve. These include work-based learning through trades academies, the NZ apprenticeship scheme and other links to employers.

Two of every five Māori students achieve NCEA level 2 qualifications in the secondary school setting. Another one in five do so in a tertiary institution that provides second chance learning. Given the success rate of students in this environment increasing the provision of tertiary options for level 2 qualifications is another approach to improving education success. In recognition of this alternative pathway to achievement, the Government's Youth Guarantee Programme supports fees free study for 16-19 year olds who are studying towards a level 1,2 or 3 qualification on the National Qualifications Framework.

The Ministry believes their ability to link education providers, learners and whānau more closely with employers will be improved by the emphasis on communities of schools. This will provide a central point of contact for employers in a community rather than requiring them to interact with multiple providers.

The Ministry is also interested in forging greater links regionally with Māori businesses using pre or post Treaty settlement assets so the output from schools will more closely match the skills required.



Regional Workshop – Waikato

He kai kei aku ringa Goal 1 – Greater educational participation and performance

To follow up on the Goal 1 workshop and to see how the national picture operated at a regional level, the Advisory Board initiated a further workshop in Hamilton with the Ministry of Education. This workshop, which was held as part of the Advisory Board's regional visits programme, also included Waikato-Tainui – who were about to complete work on their own education strategy – and members of the Waikato Regional Council's Economic Development Strategy Governance Group. It was the first time these groups had met to work on these issues.

A key element of the Ministry of Education's presentation was how the Better Public Service targets have driven a detailed examination of where achievement is occurring, where it is not and how many people might be targeted to lift achievement levels significantly. The data is sufficiently detailed to be able to identify the students and their schools. In the Waikato they estimate that if an extra 500 students can lift their performance the BPS goals can be reached in that region. Of those 500, 400 are Māori. The formation of four Youth Guarantee networks in the region is in response to the need to create new opportunities for learners at risk of not achieving NCEA 2.

Another focus of discussion is the difficulty some students and whānau have in managing transition points in education – from primary to secondary, junior to senior school and school to work. Too many students falter at these points, especially those who do not have well defined goals or an existing sense of the pathway from education to work choices and careers. Work readiness is a key issue for employers.

Workshop participants agreed to establish a regional education reference group to ensure the discussions continued. The group will be facilitated by Te Puni Kōkiri.

Workshop

He kai kei aku ringa Goal 2 – Skilled and successful workforce

The Goal 2 workshop on skilled and successful workforce was more complex to arrange because of the larger number of agencies involved directly in the provision of skill training and the wide range of links between secondary education and the skills programmes and education options in the tertiary sector. As was noted in the Goal 1 workshop, this complexity is often difficult for those who work in the sector to grasp and the range of options is even harder for young learners and their whānau to fully comprehend.

The agencies taking part in the second workshop included the Ministry of Education, Te Puni Kōkiri, the Tertiary Education Commission, Careers New Zealand, the New Zealand Qualifications Authority, the Ministry of Social Development, the Ministry of Business, Innovation and Employment and the Treasury.

All make a significant contribution to Māori achievement and realise that success or failure in this area makes major impacts on peoples' lives. As a Te Puni Kōkiri official noted, Māori with Level 4 qualifications or higher are more likely to be employed, less vulnerable to unemployment in recessions, have better incomes and live up to 10 years longer than less well qualified peers.

The Ministry of Education provided an overview of the tertiary and skills sector pointing out the shared strategic goals of:

- » Delivering skills for industry
- » Getting at risk people into a career
- » Boosting achievement for Māori.

Within those overall goals the sector is also committed to:

- » Ensuring through Ka Hikitia, the Māori education strategy, that Māori achievement is at least on a par with other learners.
- » Māori and Pasifika trade training are expanded beyond the current 3000 places
- » Skilled and safe workplaces
- » Working better with Māori, iwi and other participants in the sector to achieve common goals.

Their starting point is the current under participation by Māori in higher-level study compared with the rest of the population. The trend for participation is positive with steady increases in participation.

The future vision for the sector for Māori includes:

- » Increasing progression for Māori from study at levels 1-3 to level 4 and beyond.
- » Better employment opportunities for Māori
- » Tertiary education providers setting and achieving performance targets for Māori.

Increasingly, to achieve these goals, the sector has to work better together. Incentives to do so include:

- » The Better Public Service targets
- » Ministerial directions
- » Focusing agencies on the learner rather than institutions
- » He kai kei aku ringa.

The agency presentations included the big picture presented by the Treasury as the lead advisor in the public sector on economic, financial and regulatory policy. Treasury emphasised the Higher Living Standards Framework and the overall goal that shapes the advice they provide - a prosperous inclusive country that is confident, connected and innovative.

Within that overall framework they are asking questions about the contribution raising Māori qualification levels can make to improved economic performance and to what extent Māori values and social structure mean different policy approaches are needed. The answers to these questions can result in Treasury advice about specific programmes or advice that suggests a change of emphasis in certain areas. Treasury



also favours trialing possible solutions quickly in pilot projects so information can be gained rapidly about what works and what does not.

The Tertiary Education Commission is the main funder of tertiary provision and has an impact on Māori skills and education outcomes through the development of performance metrics for providers that are linked to funding. They are also using funding incentives to encourage study in key areas such as science, technology, engineering and mathematics (STEM) that generate better employment and income prospects.

The Ministry of Business, Innovation and Employment has a more micro-economic focus and, in particular an emphasis on labour markets, providing advice to governments on the dynamics of the labour market generally, specific regional markets and industry specific labour demand and skills matchups.

MBIE will shortly publish an analysis on Māori and the labour market and wants to complete the transition from producing information on Māori to producing information for Māori. This information will be more useful for Māori and for others if the analysis is also carried out the regional level.

The Advisory Board also heard MBIE officials give their view that skill development and technical training pathways are too complex at the moment and, from the point of view of the learner, too confusing. The learner needs to be the focus of the system.

MBIE is also responsible for management of the Māori and Pasifika Trades Training Scheme, an initiative in the 2013 Budget that will increase to 3000 places by 2015.

MBIE and other agencies including Careers NZ also provide the online Occupation Outlook tool that gives students and job seekers information on the pathways to a wide range of occupations and the areas in which those occupations are employed and the incomes earned.

Placing the learner and their whānau at the centre of the system was also emphasised by NZQA, which has the responsibility for the New Zealand Qualifications Framework and the administration of secondary school assessments (NCEA and Scholarships) within New Zealand. Working with the Ministry of Education, NZQA is engaging directly with the learner and their whānau through the NCEA and the Whānau Ora programme. This requires making better use of resources and they are looking at how their engagement can be improved through working directly with iwi partnerships and the use of digital platforms, such as the NCEA Guide app.

The Ministry of Social Development works with at risk people and their whānau. Māori are overrepresented in the groups of people they deal with, nationally and throughout all regions. The Ministry is moving to a system that involves working and investing in people who are at the highest risk of being unable to find work or repeatedly find themselves on benefits. One investment is a wage subsidy that connects people who would otherwise spend long periods on benefits with job opportunities.

The Ministry works closely with Māori and in a variety of ways from social accords in Treaty settlements to iwi relationships agreements, funding providers and marae based brokerage services. They work hard at a regional level to bring together employers and possible employees and also to provide information about opportunities for young people outside their immediate region.

Careers New Zealand is currently working with a number of iwi to equip them to be effective career advisors to their members. Careers New Zealand focuses on influencing the influencers to increase the reach of the agency, and in recognition of whānau being the primary influencers of young people.

Careers New Zealand is also reviewing its organisation strategy to better manage the ever-increasing complexity faced by young people and their whānau when making study and career choices. To address this issue, Careers New Zealand is collaborating with education sector agencies to better align information and careers advice for learners and their whānau. They have also begun developing a centralised career knowledge hub to support increased delivery of career information to career seekers and career influencers.

Careers New Zealand has stressed that education and skills related agencies need to work closely together when engaging with Māori and Māori communities as career advice spans education and employment. When this happens, the information received by whānau is more easily accessible and understandable.

Among the observations made by agency Chief Executives and Deputy Chief Executives at the closing session were:

- » There are often big differences between what works in a region and in our larger cities and we need to take this into account in designing and delivering strategies
- » There is a great deal of effort going into addressing issues and there are multiple Māori strategies to do so. The next step is to bring those strategies together into a coherent package
- » Agencies need to be flexible to deliver results by doing what they do best
- » The current priority is more effective implementation of existing policy rather than more policy from the centre
- » The Better Public Service targets and the Business Growth Agenda are key mechanisms for generating system wide co-ordination and co-operation. This joining up and integration needs to be institutionalized
- » The BPS and the BGA also let us clarify the results we want and allow agencies to target resources to deliver
- » Targeting includes finding out who is most at risk from not being able to use the system to fully develop their potential and find work. Resources can then be precisely allocated to increase the chance of success.

Joint work programme – Ministry of Education and Ministry of Business, Innovation and Employment

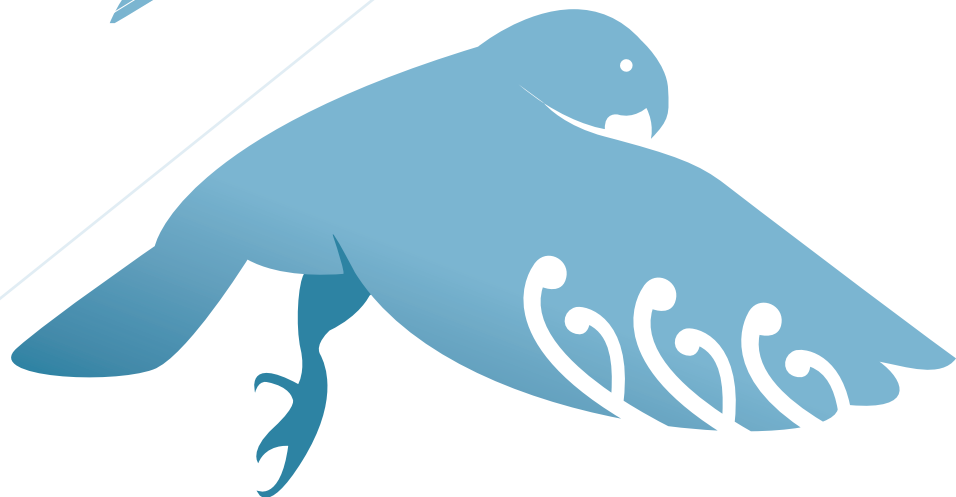
At the conclusion of the Goal 1 workshop – which was held after the Goal 2 workshop – the Chief Executives of the Ministry of Education and the Ministry of Business, Innovation and Employment agreed on the following work programme:

Whānau Education Plans

- » To expand the coverage of whānau education plans from 500 to 1500 by June 2015
- » Explore the use of Whānau Ora Navigators to assist in the implementation of this goal

Meeting future skill and employment needs of iwi

- » Convene a workshop that includes the Māori Economic Development Advisory Board, the Ministry of Education, the Ministry of Business, Innovation and Employment, the Tertiary Education Commission, and Te Puni Kōkiri to explore how communities of schools under the Investing in Educational Success package can allow greater engagement with employers and business
- » Develop and trial a new model for bringing Māori asset owners and employers closer to education and training providers including a focus on employment outcomes
- » Assess the feasibility of an on-job component for Vocational Pathways that can link strongly to Māori employment and skill needs including articulation with the NZ Apprenticeships programme
- » Present the Vocational Pathways and Youth Guarantee work to the Iwi Chairs' Forum with suggestions on how iwi can engage in stronger links to the education pipeline.



Māori Economic Development Advisory Board Comment



For Advisory Board members, the Goal 1 and Goal 2 Workshops were very informative. At key times the encounters were a conversation about joint issues in which both the agencies and the Advisory Board had interests. Our observations about the workshops content are:

- » The Ministry of Education has a coherent and integrated story to tell about the way in which it is focusing on Māori educational achievement from early childhood education through to secondary school and second chance learning. Education in skills and the transition to work are a more complex set of pathways. The education story is not as coherent in the post compulsory environment as a multiplicity of agencies and options increase the complexity of the system to students and their whānau.
- » The Advisory Board also supports the regional approach the Ministry and other agencies, including the Ministry of Social Development, are taking to both analysis and action in support of greater educational achievement and connection to employment pathways by Māori.
- » The contributions of multiple agencies and multiple parts of the Ministry of Education to the workshops made them invaluable in assisting the Advisory Board to get to grips with how a complex system worked to provide education options for Maori.
- » The complexity of the system to the learner and their whānau is a common theme particularly in the areas of study choices and the pathways to skills, further education and employment.
- » The system is also complex to the agencies that make it work and this complexity is compounded by multiple Māori strategies that are agency focused rather than focused across agencies on system wide outcomes.
- » Based on what we heard, we believe the components of the education supply chain are not as closely aligned as they should be. Currently, parents are the key connection for students from one part of the system to the other. While parents will always play the major role, both the learner and their whānau need more assistance and guidance for the supply chain to work better for learners.
- » Employers are currently an under-used resource in the supply chain and the public sector could do more to assist employers with the work they do to assist in the transition from school to work.
- » Reinforcing success – where initiatives work, how can they be reinforced quickly? For example, Māori are engaging through the trade academies, how can this be extended?
- » The increasing emphasis on identifying at risk learners and their whānau is excellent but more effort is needed in this area. Case managers are used in a social work setting. Can they work in an educational one?

The Advisory Board also supports the identification of children who may be at risk of failure and interventions that can reduce that risk. This is also occurring with some precision in the social welfare system and resources are being reallocated to ensure those currently dependent on the state have the best chance of making the transition to self-support and independence. The Advisory Board would like to understand more precisely how targeting occurs in the education system and how resources can be shifted to support better results for students and their whanau. Effective early education is essential to building a foundation for later learning. It is also a better investment in the long run than having to fund second chance education.

The Advisory Board would also like to look at some detail over the next 6 months at early childhood and primary school education as it is in these years that some children are not making sufficient progress to develop into effective and engaged learners in later years in the compulsory system. Some children are clearly not developing an effective foundation in these years that would allow them to thrive in later primary school years and secondary school. Allocating resources to make this phase of education more effective has the potential to produce better results for children and reduce other costs at a later point in their lives, such as greater welfare dependency and the need for second chance education.

The Advisory Board supports the work programme agreed by the Ministry of Education and the Ministry of Business, Innovation and Employment as a key outcome of the workshops for Goals 1 and 2 of He Kai kei aku ringa. And we will be following up on progress on the implementation. We are also doing work of our own on how the components of the education system work together to deliver education and skills and provide a pathway to achievement. We are currently looking at the flow through this system, how the parts are linked together and areas where agencies and programmes can be joined together more effectively.

At the regional workshop in Hamilton, Advisory Board members were impressed by the detailed focus that the Ministry and schools have on the performance of pupils and providers, and the ability to target groups whose performance needs addressing. We also note that the many of the same issues of imperfect connections between different parts of the system apparent at the national level Goal 1 and 2 workshops were also evident at the regional level. The reference group to be established following the workshop will have a role in making those connections work better.

The initial regional workshop concentrated on the secondary sector and the transition to work. Future workshops can look at the full range of the education sector, from early childhood to tertiary education. This approach has a great deal of potential to develop depth in our understanding of issues at a regional level and drive further development. If effective it can be used in other regions with other iwi.

Early childhood education is of particular interest to the Advisory Board. Efforts by the Ministry and communities have resulted in significant increases in participation by Māori in early childhood education, with participation rising from 83.1% in 2000 to 92.3% in 2013. The national goal is to reach 98% of all new entrants by 2016. The Advisory Board is interested in how this goal is going to be reached.

The Advisory Board is also interested in the quality of early childhood education. Evidence shows that high quality early childhood has strong positive impacts on child development and later school performance. Evidence from the Ministry of Social Development's investment approach shows that early entry into dependency can result

in a lifetime of unrealised potential and low living standards. Early childhood education can be a key intervention to break a cycle of dependency within whānau.

The Advisory Board is also interested in the implementation and development of the communities of schools policy by the Ministry of Education.

The relative importance of key elements and interventions in the education system also raise the question of resource allocation within the sector. Value for money and the overall question of how resource allocation within the education sector is determined are vital issues the Advisory Board will look forward to considering in our next round of engagement with the relevant agencies. Regular assessment of interventions is important if lessons are to be learned and we are to get the best value for the resources deployed.

Because it has wide ranging responsibilities for the education system, the Ministry also has sophisticated systems for collecting and presenting data on school and pupil performance. The Ministry has, as a result, the ability to use this data to assist its efforts to identify problems and address performance issues at both a national and regional level. The Advisory Board noticed that the quality of information available in the education system was, with the exception of the Ministry of Social Development, significantly better than in others areas of the public sector with which we have engaged.

The Advisory Board would also like to express its gratitude to Waikato-Tainui for hosting the regional workshop, the Ministry of Education for organising it (and the national workshop in Wellington) and Te Puni Kōkiri and the members of the Waikato Regional Council's Economic Development Strategy Governance Group for their contributions on the day. We would also like to thank all the agencies that took part in the Goal 2 workshop.

He kai kei aku ringa Goal 3 – Increased financial literacy and savings

The Advisory Board has not yet held a workshop on this goal, although financial literacy has been a common theme in the Goal 1 and 2 workshops. In the interim, work on Goal 3 has been advanced by a Financial Literacy Partner Working Group, Te Māngai Penapena Pūtea operating under the umbrella of He kai kei aku ringa. Te Māngai Penapena Pūtea is made up of interested organisations including the Commission for Financial Literacy and Retirement Income, Ngāi Tahu, the Bank of New Zealand, Te Tumu Paeroa, the University of Waikato, the Māori Women's Development Inc and Waikato-Tainui Te Kauhanganui. Its work has been supported by Te Puni Kōkiri.

Te Māngai Penapena Pūtea has discussed the issue of financial literacy intensively with stakeholders. "A snapshot of financial literacy services for Māori", which it has presented to the Advisory Board and to the Iwi Chairs' Forum. The report provides a baseline of knowledge which allows Te Māngai Penapena Pūtea and government agencies to identify gaps in provision and to plan further work. These discussions focused on the possibility of several pilot projects to advance our understanding of how the needs of different communities can be met in this area. Subsequently, the Ministry of Business, Innovation and Employment decided to initiate and fund three pilot projects aimed at increasing financial literacy among Māori. The Advisory Board would like to thank Te Māngai Penapena Pūtea for leading the He kai kei aku ringa work programme in this area.

Māori Economic Development Advisory Board Comment

Facilitating greater financial literacy is a significant and challenging goal. As Te Māngai Penapena Pūtea acknowledges it will be important to tailor programmes to communities and recognise that multiple approaches will have to be used to reach a more diverse Māori population. At the same time, the Advisory Board is aware the reach of the compulsory education system is countrywide and making financial literacy a compulsory part of the senior secondary school curriculum - an age where it can have the most impact on post school individual and whānau financial management – may have a transformational impact. Tailored programmes may have their greatest impact with adults or second chance learners.

Workshop He kai kei aku ringa Goal 4 – Government in partnership with Māori enabling growth

A workshop was held with a wide range of public sector agencies whose work contributes to economic growth. The Advisory Board was curious about both the range of activity that contributed to economic development through business development and the specific contribution these efforts made to the development of Māori land-based businesses and post settlement assets.

The agencies taking part were: Te Puni Kōkiri, Statistics New Zealand, The Ministry for Primary Industries, Land Information New Zealand, Ministry of Foreign Affairs and Trade, NZ Trade and Enterprise, the Treasury, the Ministry of Business, Innovation and Employment and Callaghan Innovation.

The workshop had four objectives:

- » To present a comprehensive picture of cross-government action
- » To enable a direct relationship between the Advisory Board and lead agencies
- » To ensure agencies are working together and with Māori
- » To enable the Advisory Board to challenge agencies where they could accelerate activity/progress to outcomes.

The agencies each described the interventions they make that are aimed at assisting and supporting economic development, either generally or targeted to specific groups of businesses. Agencies such as Land Information New Zealand and Statistics NZ provide vital data that assist groups or businesses carrying out research to determine the feasibility of commercial projects or to provide background knowledge on the scale and content of a particular sector or industry or market segment. Both have also stepped up their efforts in collecting and presenting information on Māori economic activity and packaging it in a form that can be used effectively by policy makers. Others, like the Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise, can supply important market information, including knowledge about market preferences and access. Both can also connect companies with networks that assist in exploiting target markets.



Other agencies are more directly connected to specific commercial projects. The Ministry for Primary Industries, for example, is engaged in supporting a series of prototype projects to determine the feasibility of particular models of farm development in particular regions. NZTE also participates in specific projects or assist in lifting the capability of client firms. Both seek out opportunities and connect with specific companies within their target markets. Callaghan Innovation is also closely involved with companies supporting projects that can bring new ways of doing things to specific markets. Callaghan is also allocating substantial resources to creating linkages with Māori businesses and their owners and connecting Māori innovators across the Crown Research Institutes.

Te Puni Kōkiri provides both policy advice and assistance to develop or test the feasibility of specific commercial projects. And, through the Māori Business Facilitation Service, it assists small and medium sized businesses to gain access to the skills they require to become established, manage problems or take the next step in their growth and development. Te Puni Kōkiri also intends to spend a larger share of its Māori Potential Fund on economic development opportunities. It also intends to make the fund a more transparent one.

The Ministry of Business, Innovation, and Employment has a wide variety of roles, ranging from direct support for specific commercial and scientific projects to the provision of information, connections with networks and advice on micro-economic policy in key areas such as labour markets or regional development. Treasury, as noted in the Goal 1 workshop, takes a broad view of economic policy and has developed a living standards framework to assess the role of policy settings in supporting better living standards.

Each of the agencies has different relationships with Māori. Some have dedicated teams and strategies. MPI, Statistics NZ, NZTE and Land Information NZ are examples. For others, work with Māori is a part of wider projects. MBIE, with its wide range of functions, combines both approaches. As the lead agency for He kai kei aku ringa, supported by Te Puni Kōkiri, it established the Māori Economic Development Unit to support this role. It also has a specific team to meet obligations to engage and consult on permit allocations for petroleum. In other areas, such as Science, Skills and Innovation, it has specific projects or programmes and advisors integrated into larger work streams. Also, through the historical Treaty settlements process, it has direct relationships with specific iwi. Some agencies, such as Te Puni Kōkiri and NZTE, have considerable experience in Māori economic development. Others, such as MPI, MBIE and the Treasury, are relative newcomers to both analysis and action.

In discussing their efforts in economic development, agencies stressed the importance of working with other parts of the public sector. Partnership across agencies is fundamental to effectiveness in the multi-dimensional world of economic development. Large agencies also talked about the importance of internal collaboration and making sure all parts of their organisations with interests in Māori economic development are linked together. Some linkages have become formalised, with Treasury and MBIE in early 2014 signing a Memorandum of Understanding on joint work on Māori issues. Several noted the potential for He kai kei aku ringa to act as a linkage across all agencies, with shared outcomes driving contributions.

A recent example of agency collaboration is the support of the Stanford Boot Camp process in which key sectors work together with expert facilitators and a wide range of subject experts to develop ideas and strategies for making their businesses and agencies more effective in achieving their commercial and economic goals. Māori business and public sector leaders have had the opportunity to attend two of the boot camps. One product of

the most recent camp was the ItiNui Strategy which emphasises the big results (nui) that can result from small (iti) beginnings, particularly the impact of small ideas rather than products or commodities on the global marketplace. It is a customer centred rather than a product centred approach and provides an alternative story to New Zealand Inc.

The Advisory Board would like to thank the agencies that took part in this workshop, the first of the Advisory Board's workshops with the public sector.

Māori Economic Development Advisory Board Comment

In addressing the Workshop, Advisory Board Chair, Ngahiwi Tomoana, said that as an iwi leader he had been travelling to Wellington for more than 20 years to discuss economic development matters with Ministers and government agencies. Too often, the issues they had come to discuss did not quite fit within the framework of one department and he would be referred to another only to encounter the same problem. Nothing ever quite fit existing priorities and programmes and there was little connection or joint problem solving from agency to agency. For the first time, he said, at this workshop all the relevant agencies were in one room together and he could get the sense of what they could do and where their roles overlap. He kai kei aku ringa and its associated workshop process had made that happen.

The Advisory Board found the collective understanding of the public sector's economic development efforts generated by the workshop to be particularly useful. It allowed us, for the first time, to see the roles that each agency played and that the engagement in Māori economic development issues varied significantly from agency to agency. This partly depended on their core role and how closely this intersected with existing Māori business interests. Agencies with a strong operational focus were more likely to have both engagement and a strategy for deepening and extending that engagement.

It was also clearly apparent that the agencies playing roles in economic development told individual rather than collective stories. Unlike the education agencies we encountered in the workshops for Goals 1 and 2 there was no overarching collective story of Māori economic development across public sector agencies. This reflects two things. Firstly, there are simply more agencies with direct relevance to Māori economic development and they are accountable to a multitude of Ministers across a number of portfolios with competing priorities. The education sector, on the other hand, is dominated by the role of the Ministry of Education whose work touches on all parts of the sector, with just two Ministers and one associate Minister to which it is accountable. As a result it is far easier for the public sector to present a coherent Māori education story.

The second reason for the more fragmented story told by the public sector agencies with responsibilities in Māori economic development is that the public sector agencies play a supportive secondary role to the private sector in economic development. Their span of control is far less than the control exercised by the Ministry of Education, the Tertiary Education Commission or New Zealand Qualification Authority in the education sector.

Notwithstanding the latter point, the Advisory Board observed that there was a great deal of potential left untapped because of a lack of connection and co-ordination between agencies. For Māori businesses seeking assistance and support to grow businesses, develop export

profiles or make technical or scientific innovations the lack of connection or disjointed nature of public sector agencies can prove a significant if not insurmountable obstacle to finding appropriate support. We believe that joining agencies or agency programmes up so they provide a seamless service is a vital step that needs to be taken with some urgency. This is not about mergers but about presenting a unified understanding of what assistance is available to business. While we have found it a significant barrier for Māori it is likely to be a significant barrier for non-Māori business as well.

The Advisory Board also believes that development potential is left untapped because Māori businesses or entrepreneurs are unaware of the range of support opportunities or partnerships public sector agencies provide. We believe public sector development agencies need to be far more active in marketing the services they provide to Māori. We believe agencies need to develop marketing plans for raising awareness of what they have to offer to Māori business. This can range from innovation support programmes to incorporating Māori businesses in trade and diplomatic missions.

This issue can also apply to specific programmes that, in some cases, do not fully realise the potential of those they deal with because they have little or no capacity to assist in the scaling up of innovations or businesses to which they have provided assistance. They also often lack the capacity to apply lessons learned to a wider range of comparable businesses.

The Advisory Board is currently working on a model of what the innovation and economic development pipeline or value chain of public sector agencies looks like (see page 30). Developing this perspective is, we believe, the first step in joining up the services provided by these agencies into a collective whole that is coherent to both businesses trying to access these services and the public sector agencies that provide them.

NZTE has already developed their own response to the pipeline or value chain model (see page 31) while Te Puni Kōkiri and The Ministry for Primary Industries are also working together in a prototype to implement the concept of moving Māori agricultural businesses along this value chain with three projects (see box on following page).



Public sector value chain projects

Three current projects focus on making more effective use of the public sector value chain. Two public sector agencies, Te Puni Kōkiri and The Ministry for Primary Industries, are taking part alongside a private sector company, ANZCO, and the Federation of Māori Authorities which represents many businesses owned by Māori collectives.

The first project focuses on governance training for members of collectives and, after three years, more than 300 trustees are expected to have completed the courses. The 40 trusts on which they sit have total assets of more than \$150m.

The second aims to increase the productivity of the 20 participating farming businesses which together run 340,000 stock units on 30,000ha. The businesses have assets currently valued at \$250m.

The third project is a partnership between four large Māori farming businesses with assets of approximately \$250m and the meat processor and marketer, ANZCO Foods.

Each of the three projects involves variations on co-investment between Māori businesses, other businesses and the public sector.

The Ministry of Primary Industries is also carrying out a number of prototype projects with Māori farming businesses. The Advisory Board will examine these projects and comment on them in a later report.

The use of the pipeline value chain can apply across sectors – meat, wool, forestry and honey, for example – and also horizontally across regions. Greater co-operation between Māori land-based businesses within regions can also generate strong benefits. This co-operation can also help integrate assets from historical settlements into regional economies and help groups with settlements understand the investment options in their regions and elsewhere.

The value chain of public sector agencies also provides a mechanism to bring together the initiatives and mechanisms in the Business Growth Agenda and He kai kei aku ringa. The most obvious area of synergy is in regional development led by encouraging commercial connections between Māori business and asset owners within regions.

The value chain concept also has great potential value in developing a national and regional strategy for facilitating engagement between public sector agencies with programmes supporting economic development and Māori businesses and asset owners. This work with public sector agencies needs to be based on a “Push” strategy in which agencies actively seek out development opportunities by engaging directly with Māori businesses and the iwi and hapu that own them.

Advisory Board ‘Push’ Strategy for Public Sector Value Chain

HKKAR Māori Asset Base Value Chain – Government “Push” Strategy

The Māori asset base is largely regional and includes: fishing/aquaculture/seafood, forestry, agriculture, horticulture, tourism, and natural resources

MĀORI ARE:

Major Asset Owners:



Innovators & business people eg tourism / geothermal



Farmers/producers



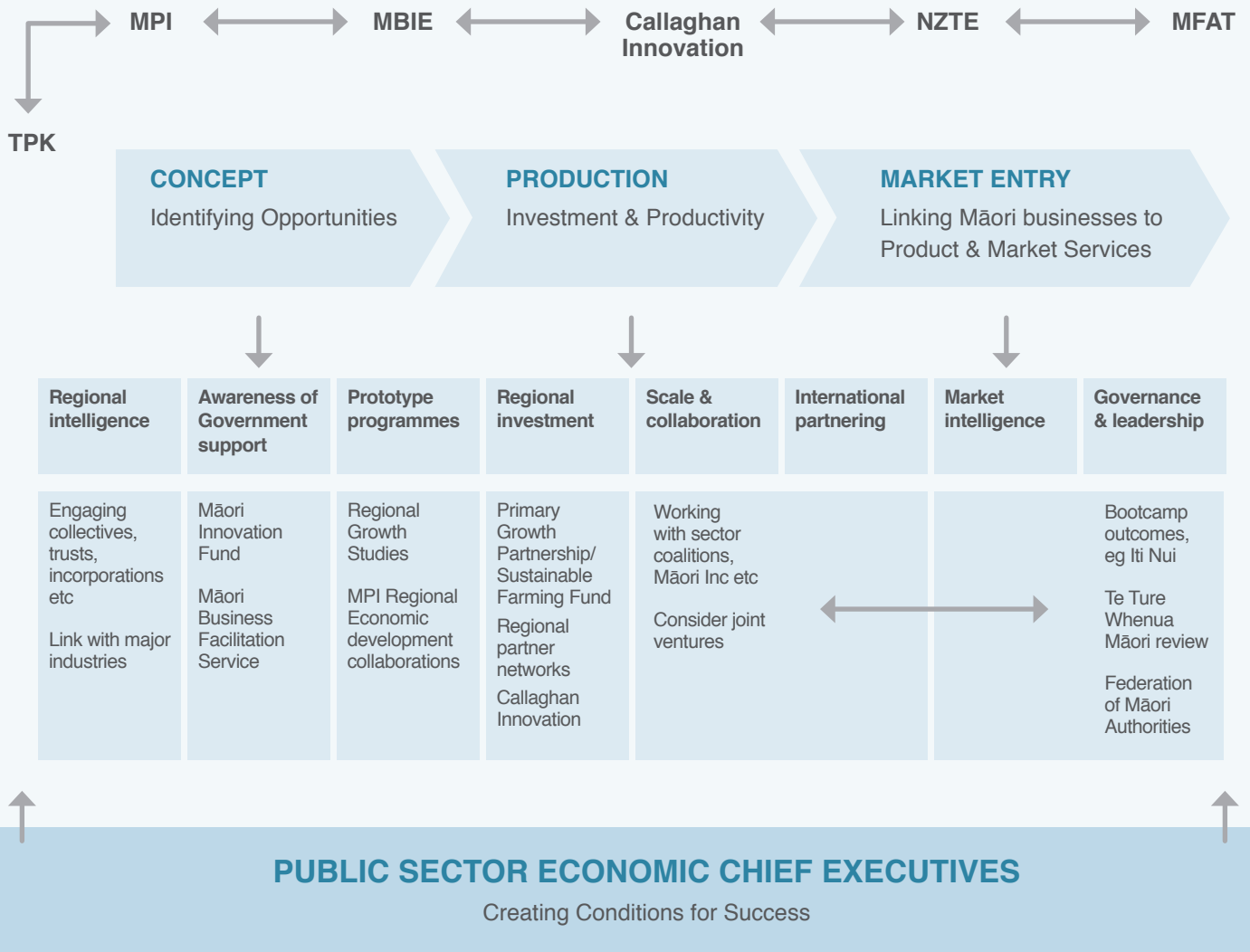
Co-investors



Exporters

HKKAR KEY GROWTH TARGETS

- » Productivity of Māori assets equals national average by 2040
- » Increase in Māori enterprises engaging with innovation system and undertaking research and development
- » Increase in Māori enterprises commercialising products and services
- » Exports by Māori enterprises increase to equal national average exporting intensity by 2040 - all require precise and reliable data



New Zealand Trade and Enterprise Public Sector Value Chain for clients

“Government Needs to Behave Like a Value Chain of Services”

Kingi Smiler



NZTE CUSTOMERS

1. Exporters

2. Major Asset Owners

3. Co-investors

ECONOMIC DEVELOPMENT PICTURE

MBIE (policy) & TREASURY (policy & purse)

THE JOURNEY

COLLABORATE

INNOVATE

GO-TO-MARKET

GOVT-TO-GOVT

CUSTOMER NEEDS

- Creating scale from small holdings (collaboration)
- Pre-feasibility funding to enable this

- R&D. Developing unique IP
- \$\$\$
- New product development

- Help me find an international partner
- Matching land rich Māori with capital and markets

- Kick down big international doors
- Political support

MAPPING GOVERNMENT

MPI, TPK

CALLAGHAN

NZTE

MFAT

OTHER ENABLERS

POUTAMA, TE TUMU PAEROA
MĀORI TOURISM, FOMA

REGIONAL BUSINESS PARTNERS
EDAs

NZTE ROLE

- Paint the global opportunity
- Value chain analysis
- DD on partners & ideas

- Build capability
- Market intelligence

- Find capital and market partners
- Hold my hand in market

- Join up NZ Inc to resolve issues & help me execute

FOR WHAT OUTCOME?

**BGA – Double export growth.
Export sector 40% of GDP.**

NZTE – More Māori exporters, customers, leaders, export growth.

HKKAR

- Māori exports equal national average by 2040; Increased commercialisation ; Māori Inc connected to export markets; Access to capital/ Increase Crown-Māori investment projects; Māori cultural distinctiveness leverages NZ brand; Improved governance

Te Ao Māori – Māori economic development initiatives

One of the key roles of the Advisory Board is to connect closely with Māori and reflect their economic aspirations in all of our encounters with the Crown through He kai kei aku ringa. To fulfill this role, Advisory Board members regularly attend hui and conferences at which economic development opportunities are discussed. More formally, the Advisory Board also attempts to systematically engage with Te Ao Māori to ensure we have the broadest and deepest understanding that we can have of Māori needs and aspirations. In 2014 we have engaged at a number of levels.

Iwi Chairs' Forum

At a meeting in early 2013, the Iwi Chairs' Forum informed Advisory Board members that they saw the Advisory Board as their pathway to engaging with Crown on economic development issues. To fulfill this role we have reported back at subsequent Forum meetings on what the Advisory Board was doing. At the Waitangi Day celebrations this year all Advisory Board members attended the Iwi Chairs' Forum to discuss our views on the first six months as an Advisory Board and our aims for the following year. The Minister of Māori Affairs and the Chief Executives of the Treasury, Te Puni Kōkiri and the Ministry of Business, Innovation and Employment were also in attendance.

Regional Visits Programme – Tāmaki Makaurau, Bay of Plenty, the Waikato

The Advisory Board has also begun a systematic engagement programme that will, over our five-year tenure, see us build relationships across all regions and with a wide range of iwi and Māori businesses. The visits that took place in the period covered by this report were a one-day visit to Tauranga where we engaged with businesses in the Bay of Plenty and a two-day visit to Auckland and the Waikato. Together, these three regions include more than 281,000 Māori, almost half the total Māori population.

The three regions also have significant collective co-governance arrangements relating to the natural environment resulting from historical settlements. In the Waikato the focus for these arrangements is the Waikato River, in the Bay of Plenty, the Te Arawa lakes and in Auckland the volcanic cones. Each arrangement involves a partnership with multiple iwi and local government.

The regions are also very diverse. The Bay of Plenty has the widest range of Māori business activity of any region in the country. It is home to a large number of land-based businesses – sheep and cattle stations, dairy farms, forestry and horticulture. There is also extensive involvement in the tourism industry and, through geothermal resources, power generation. As a result of historical settlements, other Māori collectives are engaged in commercial property ownership and development. The first large group to sign an historical settlement, Waikato-Tainui, has become a major commercial and residential property developer and investor in the Waikato region. Auckland is home to the largest number of Māori in the country, most of whom do not affiliate to local iwi.

As He kai kei aku ringa recognises, most Māori in all three regions will be wage and salary earners and dependent on their performance in the labour market for their and their whānau's standard of living. And the largest creators of wealth will be those who own businesses on their own account or are self-employed.

That is one reason why the first stop for the Advisory Board in the visit to Auckland and Waikato was a workshop in Hamilton on education in the Waikato region. The workshop, which was initiated by the Advisory Board and facilitated by the Ministry of Education, brought together the largest iwi in the region, Waikato-Tainui, national and regional staff from the Ministry, Te Puni Kokiri and members of the Waikato Regional Council's Economic Development Strategy Governance Group. The workshop (see page 16) was the first of a series of engagements designed to allow the Advisory Board to discuss economic development with a range of people and organisations that reflected the diversity of the regions.



Historical settlements have made and will continue to have a major impact on Māori collectives. In Hamilton, discussions with Tainui Group Holdings, the commercial arm of Waikato-Tainui, reflected the autonomy of a business that is now well established. It has developed strong competencies in property development and investment as it has consolidated and grown the original settlement sum of \$170m to more than \$1bn of assets under management. Tainui Group Holdings is now generating a significant income for its shareholder, Waikato-Tainui. In Auckland one iwi, Ngāti Whatua o Orakei, is in a comparable position. It was an early settlor and, through its purchase and development of surplus Crown property has assets under management worth more than \$500m. In the Bay of Plenty, Ngāti Whakaue through the Pukeroa Oruawhata Trust has also used an early settlement to develop surplus railway land in the centre of Rotorua to create a large, modern shopping centre.

Most iwi in the Auckland region are at the other end of the settlement spectrum and are making their way through the Tāmaki Makaurau Collective settlement process in which the 23 settling groups in the region have joined together to negotiate their settlements with the Crown. Although the individual settlements have yet to be completed, the Collective is acting as a group on a key housing initiative. Collective members are joining together with Te Tumu Paeroa (The Māori Trustee) and two housing groups that focus on low-income earners, The NZ Housing Foundation and the Community of Refuge Trust, to complete a major housing development in South Auckland. See box, page 32.

Realising the potential from a settlement is an important issue for Māori. As a long settled group, Waikato-Tainui and Tainui Group Holdings leaders summarised some of the key lessons learned since settlement. They are:

- » Transparency in reporting provides accountability and an informed group of members
- » A disciplined approach to decision-making ensures the decisions are clear and people can be accountable for them
- » It is important to always have a clear vision of what your organization is trying to achieve
- » Keep connected to your members at all times and through a variety of methods
- » Connect to the past so everyone is aware of who we are and how we got here
- » The appointment of business professionals - with good track records - as managers and directors of the commercial arm of the iwi
- » Focus on training your people - the development of individuals with commercial skills from within the iwi membership.

Tāmaki Makaurau Collective – Waimahia community Housing Project

The Waimahia development in South Auckland will provide 282 housing units in a mix of rentals for low income earners, rent to buy opportunities, shared equity homes and homes for sale on the open market. It is being developed by Tāmaki Makaurau Community Housing Ltd in which the Tāmaki Collective, the NZ Housing Foundation, the Community of Refuge Trust and Te Tumu Paeroa are equal shareholders.

The 16 ha of land in the suburb of Weymouth was offered to the Collective members under the Right of First Refusal on the disposal of Crown property in the Collective's historical Treaty settlement with the Crown. The total cost of the project is \$120m with all but \$29m raised by the four shareholders. The \$29m was provided through a loan from the Social Housing Unit of the Ministry of Business, Innovation and Employment.

Most of the cost of the development will be recouped by the sale of properties and the tenants of the housing intended for low-income families will be eligible for the rental subsidy provided by Housing New Zealand. The area has a high proportion of Māori families and the adjacent decile two primary school has 34% Māori enrolment.

The Advisory Board spent most of a day with the Auckland Council, including its development agency ATEED, the Independent Māori Statutory Board and one of the Council's regional development clusters, The Southern Initiative, focused on South Auckland. The Council and Independent Māori Statutory Board are still relatively new entities formed in 2010, and as both explained there has been a great deal of debate about the role of the Council in Māori economic development in the region.

While there is as yet no comprehensive consensus on the future role of the Council they have begun work in some important areas, including a focus on South Auckland known as the Southern Initiative. The Advisory Board visited the Southern Initiative's offices in Manukau City at the heart of the area covered by the Initiative. The area has a population of more than 300,000 of whom 20.7% are Māori, the highest concentration of Māori in the Auckland region. While South Auckland is a dynamic fast developing area commercially it is also an area with high social needs, with almost 30% youth unemployment and 35% of the adult population on benefits of some kind (not including national superannuation). Including family members, this means a high proportion of the total population is welfare dependent.

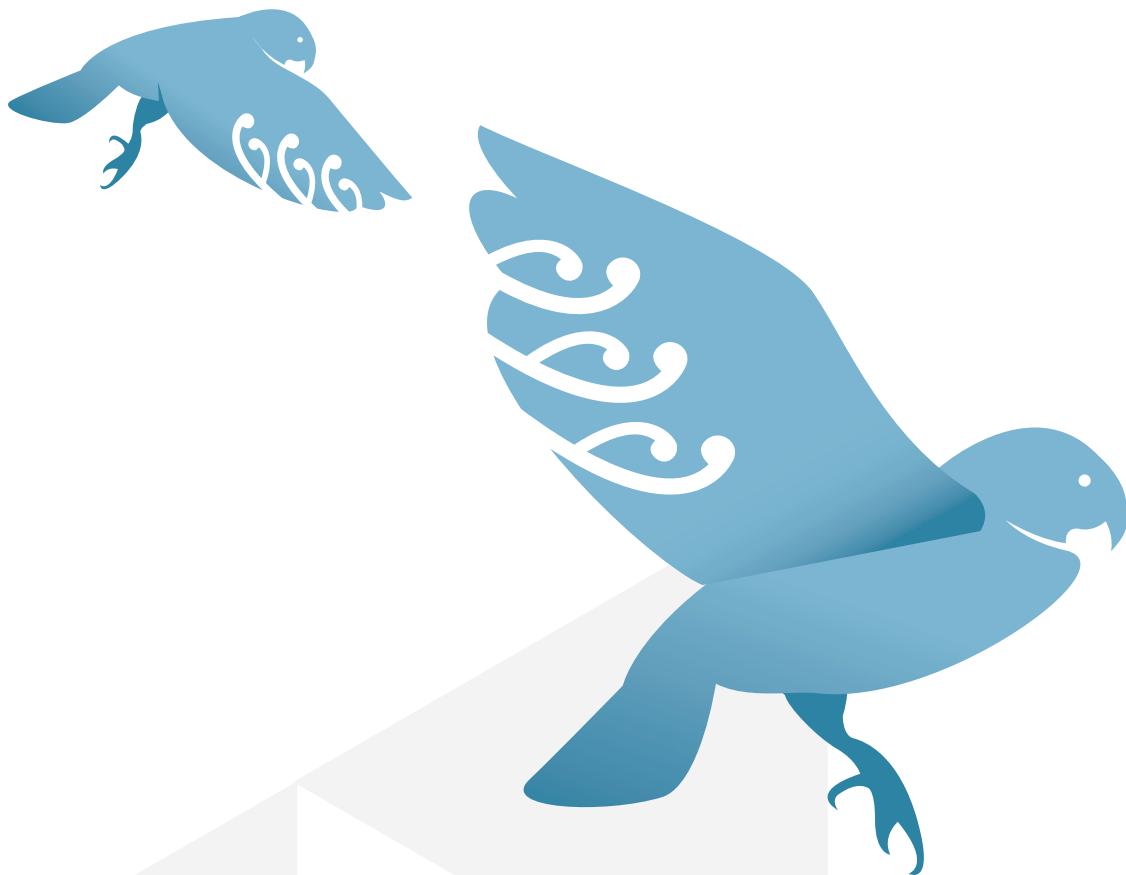
The Advisory Board learned how The Southern Initiative, which began as a Council project, has now become the focus of a wide range of central government agencies. The agencies and the Council are now working together to address a range of issues in the region. Currently, for example, there is a significant mismatch between the high level of commercial opportunity generated by large projects such as the continuing expansion of Auckland Airport and the capacity of the people of the region to take up those opportunities.

Among the actions being taken through The Southern Initiative are additional tuition in literacy and numeracy, assistance with gaining drivers licenses, reducing smoking rates, encouraging the development of entrepreneurs and insulating an additional 3000 homes a year.

The wider Bay of Plenty, where the Advisory Board spent a day discussing economic development is, as noted above, the most dynamic region in New Zealand for business development and investment by Māori collectives. Significant traditional land holdings and a large number of historical treaty settlements are driving this dynamism. Land assets and settlements give the collectives in the region – the iwi, hapu, trusts and incorporations – the opportunity to think seriously about commercial and economic development and act on their ambitions. They have also generated a significant group of Māori professionals in the service sector and Māori business owners.

This is reflected in He Mauri Ohooho, the Māori Economic Development Strategy, which sets out the strategic direction chosen by Māori in the Bay of Plenty. The strategy recognises the realities of the region with its three outcomes: Successful Māori people, thriving Māori business, and iwi/collectives leading economic growth. He Mauri Ohooho has six strategic goals: Strategic leadership, collective asset utilisation, business networks, high value business growth, capital investment and education and skill development.

He Mauri Ohooho has, intentionally, a significant overlap with He kai kei aku ringa. Where there are differences they reflect the impact of major land-based businesses and the impact of historical settlements on existing and potential Māori economic development in the Bay.



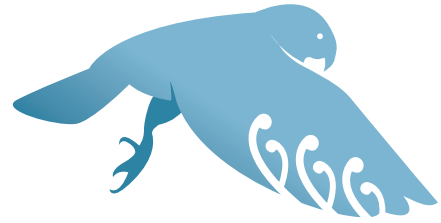
Māori Economic Development Advisory Board Comment

The Advisory Board noticed in all three areas it visited the significant impact ownership of capital has on the dynamics of a region. Groups with historical settlements like Waikato-Tainui, Ngāti Whatua, Ngāti Whakāue and the longstanding businesses based on traditional land holdings in the Bay of Plenty can make plans for the future and carry them out.

In turn, they build the capability of their people to develop skills, become professionals, managers and business owners that have the ability to be service providers to Māori entities and to compete in the wider economy. That can, over time, create a critical mass of engaged and motivated Māori. Their future as collectives and whānau will depend on their skills and good judgment. The signs of this dynamic were strong in both the Waikato and Bay of Plenty and are emerging in Auckland. At its best, the work of public sector agencies like the Ministry of Education, reinforces this momentum and ensures that the capital invested by both Māori and the public sector has a long lasting and productive impact.

The Advisory Board was impressed by the lessons Waikato-Tainui and Tainui Group Holdings shared with us. We would like to emphasise one of those lessons – the importance of using experienced and well qualified people to run the businesses owned by iwi that have received their historical Treaty settlements. All iwi that have realised the potential of their settlements have had a clear distinction between the role of the shareholding iwi and hapu and the business activities that are developed using settlement assets.

Advisory Board members were struck by the lack of familiar models that can be used to address the issues South Auckland presented. In other regions iwi or hapu organisations can be used as a portal to make contact with or deliver services to Māori. In Auckland 63.4% of Māori do not affiliate to groups that make up the Tāmaki Makaurau Collective (14.5% do affiliate and 22% do not identify with any iwi). Many have been in Auckland for more than one generation and often have only tenuous links with old networks. Some have no links at all. Treaty settlements will generate a sense of dynamism among iwi in Auckland but these will have little direct impact on most of the Māori population in the region because they will not benefit from local settlements. Work in the wider economy as wage and salary earners, self-employment or business ownership will determine their standard of living. As He kai kei aku ringa stresses, it is education, skill development and improving financial literacy that will have most impact on lifting the living standards of most Māori.



The next 6 months

Māori Economic Development Advisory Board

Our first year can be divided into two clear segments. In the first six months we spent time establishing the Advisory Board and deciding how to carry out the tasks we had been asked to complete. In one key area, scrutinizing the work of government agencies in economic development, there were no precedents for how this would be carried out and we had to develop processes to allow the Advisory Board to become familiar with the wide range of work carried out by the public sector in this area.

After completing an initial survey of the size of this task and with the information available we decided each Advisory Board member would be responsible for one of the goals of He kai kei aku ringa and would lead workshops with the agencies whose work is relevant to each goal. Within those goals we decided the education and skills focused goals – one to three – would be our priorities.

Our second six months has been devoted to the workshop process with public sector agencies and meeting with Māori to discuss economic development and the initiatives Māori are undertaking to promote whānau development and growing businesses. We have set out our record of this work in this report.

Our next six months will be primarily be devoted to three work streams. The first is completing the initial workshops on the final two He kai kei aku ringa goals. The second to following up on the work and projects generated by the workshops we have completed. Finally, we will continue to meet with Māori to discuss our work, their views on how the momentum of economic development can be increased and the initiatives they are undertaking.

The workshops on Goal 5 – Active discussions around natural resources - and Goal 6 – Māori Inc as a Driver of economic growth will be completed as soon as possible. Because much of the work in these goal areas is the responsibility of Māori collectives and the private sector generally, the process required for the Advisory Board to complete their initial survey of these goals will differ slightly from the previous workshops.

Our second key task is to follow up on the issues and work generated by the completed workshops. In the education goals, we will monitor the agreed joint Ministry of Education and Ministry of Business, Innovation and Employment work plan, participate in the Waikato Education Forum with regional stakeholders and continue our work on building a model of the education pathway from early childhood to tertiary and second chance learning and skill development.

On Goal 4, we will take a strong interest in Te Pūnaha Hiringa, the Māori Innovation Fund, through a member of the Advisory Board who will sit on the assessment panel that provides advice to the fund managers at the Ministry of Business, Innovation and Employment.

We will also complete our work on the public sector agency pipeline of support for business development and our view of a “Push” strategy for marketing such programmes. There is currently a lack of leadership in bringing together the public sector

value chain of business support programmes so that they are connected and aligned. We believe the public sector economic agency chief executives working as a group should be providing leadership in this area within government.

The Independent Māori Statutory Board invited the Advisory Board to have a representative on a Māori Economic Development Forum the Auckland Council is considering establishing. The Advisory Board accepted the offer and if the Forum is established in the next six months we will also take part in its work.

We do not anticipate carrying out a workshop on Goal 3 – Increased Financial Literacy and Savings - in the next six months. The Partner Working Group on Financial Literacy, Te Māngai Penapena Pūtea, is making good progress and is developing a work plan. We will discuss that work plan and possible projects with Te Māngai Penapena Pūtea and determine what contribution the Advisory Board might make in future.

The foundation for our work in monitoring and evaluating the work of public sector agencies is the collection of good information about these efforts. The public sector programmes relevant to the six goals of He kai kei aku ringa cover a very wide spectrum and the information available on these efforts is extensive. To carry out our role effectively we need good quality information in formats that will allow us to understand issues and make good assessments. This will ensure our recommendations address real issues and make a useful contribution.

We have approached this task in several ways. The workshop process generated very good information in effective formats. We have also looked at a number of different ways of collecting data on programmes and performance and will continue to do so. The most useful in the initial stages of our work have been the indicators used by the agencies with which we work. We have no desire to invent new systems for evaluating programmes and have, instead, concentrated in trying to bring together information from across the public sector in one integrated format. We will continue to work on refining this approach over the next six months.

In carrying out our work we expect to benefit from the additional information being collected by Statistics New Zealand, especially that on Māori business. MBIE is also carrying out research in this area, including a report prepared for the Advisory Board on Māori business owners and workers in the construction industry. MBIE has other work near completion on Māori economic activity in South Auckland, and non-collective Māori business owners throughout New Zealand. Te Puni Kōkiri's continuing work on the Māori economy will also make a significant contribution to the developing knowledge base that can be used to implement He kai kei aku ringa and guide our work looking at the effectiveness of existing economic development programmes.

In our capacity as Advisory Board members we will continue to attend hui and conferences individually to discuss He kai kei aku ringa and economic development issues. The Advisory Board will also continue its collective work with Māori groups such as the Iwi Chairs' Forum and will continue to visit regions to work with local people on their economic development priorities and issues.

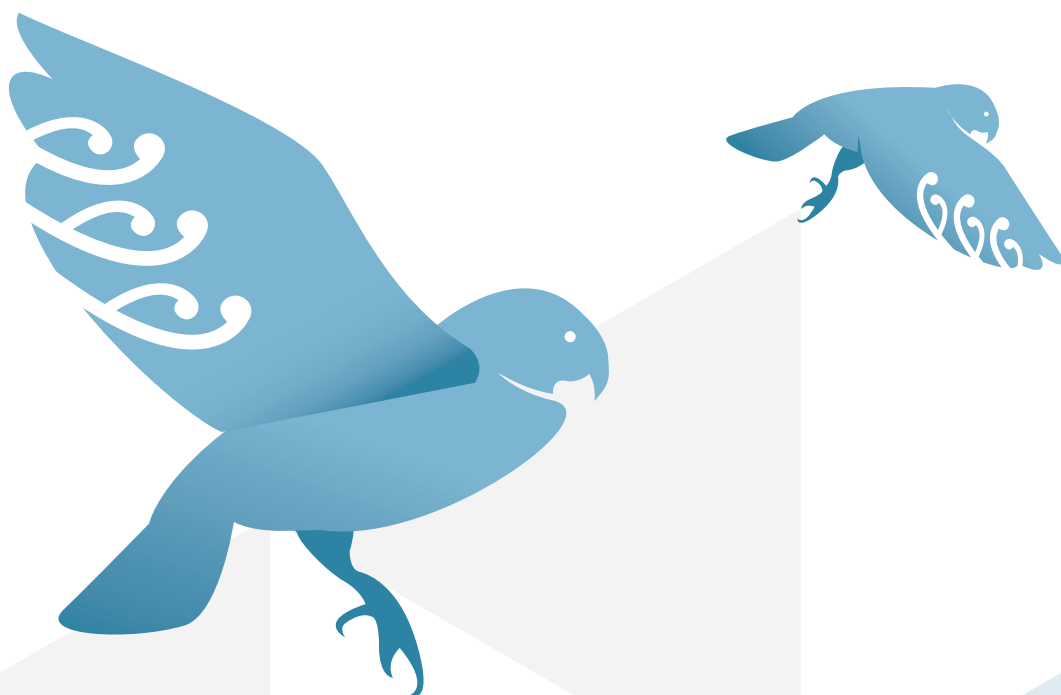
Among the regional issues on which we intend to focus in the next six months are:

- » Achieving the full potential from historical settlements and their ability to generate transformational change for Māori groups and communities
- » How Māori collectives of all kinds are working in the six goal areas of He kai kei aku ringa
- » Possible models of engagement with urban Māori who do not affiliate to tangata whenua groups.

At this point the Advisory Board must also mention the question of our relationship with the public sector and our ability to carry out the tasks we have been given. We are an independent Board that reports to two Ministers on the work of Māori and public sector agencies and provide the overall stewardship for He kai kei aku ringa, the Crown-Māori Economic Growth Partnership.

For us to be effective in helping to lift public sector performance our relationships with the public sector need to be based on partnership principles that affect the governance, policy development and decision-making in relation to the implementation of He kai kei aku ringa. This requires strong leadership from the public sector, particularly the He kai kei aku ringa lead agency, the Ministry of Business, Innovation and Employment. With that strong leadership comes a commitment to the working relationships and resources required for the Advisory Board and the public sector to work together in furthering the six goals of He kai kei aku ringa.

To ensure this occurs the Advisory Board intends to increase its engagement with public sector chief executives, with monthly meetings between the Chair of the Advisory Board and the chief executive of MBIE and the chief executive of Te Puni Kōkiri. The Advisory Board believes these should be supplemented with quarterly meetings with the chief executives of the public sector economic agencies involved in delivering on the He kai kei aku ringa goals.



Recommendations to Ministers

– Māori Economic Development Advisory Board

The Advisory Board has a programme of activity arising from the work we have completed in the last six months. This is set out in the preceding section of this report.

The Advisory Board will also continue to work with education agencies on their joint work plan on Goals One and Two of He kai kei aku ringa. In the education and skills development sectors we also want to engage further in a number of important areas over the next six months. The top priorities are interventions in early childhood education and their effectiveness and gaining an understanding of how funding is allocated across the education sector. We will also complete the initial workshop steps on Goals Five and Six.

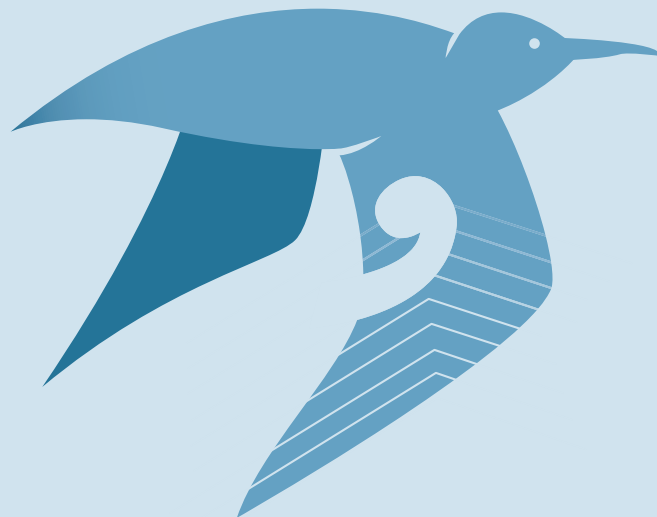
The Advisory Board has also accepted an invitation from the group of public sector economic agency chief executives for the Chair to attend their meetings regularly. This will assist in ensuring the work carried out by the Advisory Board and He kai kei aku ringa are visible across the public sector.

The most vital element in any strategy is how effectively it is executed. The Advisory Board has a key role but the success of the strategy will ultimately be determined and judged by the ability of the government to execute its role in He kai kei aku ringa. This is an important test of the determination and will of public sector agencies and their leaders, in particular the Ministry of Business, Innovation and Employment and Te Puni Kōkiri.

In addition to that ongoing work, the Advisory Board would like to make the following recommendations to Ministers:

- 1.** The Advisory Board believes that active marketing of the services offered by public sector agencies with roles in economic development can assist in the realisation of the potential of historical Treaty settlements and the land-based businesses of Māori collectives. These efforts need to be brought together in an overall “Push” strategy coordinated by a single agency. As the lead agency for He kai kei aku ringa and wide responsibilities for economic development, the appropriate agency is MBIE. The MBIE leadership need to ensure they have a deep knowledge and understanding of the Maori economy and Maori development to execute this strategy successfully. Policies and programmes based on an ‘investment’ approach are likely to have greater success and better overall outcomes for Government and whānau.
- 2.** The “Push” strategy can be trialed in a pilot programme in a specific region. The lessons learned can then be incorporated in a national region-by-region rollout of the approach. There have been some good examples supported by the Ministry of Primary Industry in the Taitokerau region as well as some excellent dairy and sheep and beef value chain projects which will have benefit across all regions. Further scaling of these initiatives is imperative. The Ministry’s report on the investment opportunities for under- utilized Māori Land will assist greatly in achieving the Government’s Business Growth Agenda targets.”

- 3.** Improved financial literacy can make a significant positive impact on the ability of whānau to manage their resources more effectively and lift their living standards. The Advisory Board would like the Government to consider making financial literacy compulsory for senior students. The Advisory Board believes an intervention at this level will assist in the transition from school to the post school world and have a transformational impact upon Māori.
- 4.** Engagement with urban Māori who make up the largest proportion of the Māori population is critical to realising the potential of Māori in the modern world. Public sector agencies and Māori collectives involved in economic development need to consider a joint review of methods by which effective engagement can be achieved. The Advisory Board intends to continue its engagement with the Southern Initiative in South Auckland and is pleased that it is also becoming a priority for central government.
- 5.** The Government should use the investment model developed in the Ministry of Social Development to look more closely at how resources are allocated across the public sector to address issues like Māori economic development, especially the allocation of funds across the education system and the lifetime costs of children not developing the skills at an early age that allow them to take advantage of educational opportunities in the later primary and secondary years. While many parts of the public sector are trying to target resources more precisely, the approach developed at the Ministry is the most comprehensive we have seen.
- 6.** To ensure relationships between the Advisory Board and public sector agencies operate effectively in the governance, policy development and decision-making of He kai kei aku ring, the Advisory Board Chair will meet monthly with senior leaders of the Ministry of Business, Innovation and Employment and Te Puni Kokiri and quarterly with the chief executives of the public sector economic agencies as a group or individually.





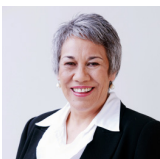
Ngahiwi Tomoana
(Ngāti Kahungunu), Chair



Debbie Ngarewa Packer
(Ngā Rauru, Pakakohe, Tangahoe, Ngāti Ruanui)



Kingi Smiler
(Ngāti Kahungunu, Te Aitanga a Māhaki, Te Ātiawa, Whakatōhea, Tūhoe)



Pania Tyson-Nathan
(Rongomaiwahine, Ngāti Kahungunu, Ngāti Porou)



Hilton Collier
(Ngāti Porou)



Professor Linda Tuhiwai Smith
(Ngāti Awa, Ngāti Porou)





He kai kei aku ringa

The Crown-Māori Economic Growth Partnership



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**MINISTRY OF BUSINESS,
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